

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name WESTERN SCHOOL DISTRICT	County JACKSON
Fiscal Year End 06/30/2007	Opinion Date 11/02/2007	Date Audit Report Submitted to State 11/09/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

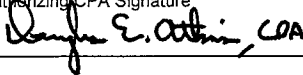
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) MARKOWSKI & COMPANY CPAs		Telephone Number (517) 782-9351	
Street Address 2880 SPRING ARBOR RD.		City JACKSON	State MI
		Zip 49203	
Authorizing CPA Signature 		Printed Name DOUGLAS E. ATKINS, CPA	License Number 1101016353

**WESTERN SCHOOL DISTRICT**

PARMA, MICHIGAN

FINANCIAL REPORT

(WITH REQUIRED SUPPLEMENTARY AND  
ADDITIONAL INFORMATION)

JUNE 30, 2007

**WESTERN SCHOOL DISTRICT**  
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## **INDEPENDENT AUDITOR'S REPORT**

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Western School District** (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

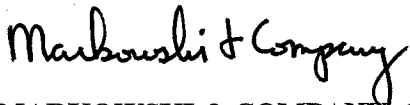
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Western School District as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also issued our report dated November 2, 2007 on our consideration of Western School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information presented on pages 3 through 9 and page 34 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western School District's basic financial statements. The accompanying other additional information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements of the Western School District. The accompanying schedule of expenditures of federal awards listed in the Table of Contents is presented for the purpose of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



MARKOWSKI & COMPANY, CPAs  
November 2, 2007



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Western School District, a K-12 school district located in Jackson County, Michigan, is proud to present its financial statements prepared in accordance with the provisions of Government Accounting Standards Board (GASB) Statement 34 with the enclosed financial statements. This section, Management's Discussion and Analysis, a requirement of GASB Statement 34, is intended to be the Western School District's discussion and analysis of the financial results of the year ended June 30, 2007. It should be read in conjunction with the District's basic financial statements, which begin on page 10.

**USING THIS ANNUAL REPORT**

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

**District Wide Financial Statements:**

The District Wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Capital assets and long term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

The District Wide financial statements are designed to assist in analyzing whether the current recipients of services are paying the true cost of these services, or if the burden is being shifted to future taxpayers. A positive amount of net assets indicates that these costs are being paid for currently. Over time, increases or decreases in the District's net assets are an indicator of whether the District's long term financial health is improving or declining.

**Fund Financial Statements:**

The fund level financial statements are presented on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: School Service Special Revenue Funds (Athletics Fund and the School Lunch Fund), the Debt Service Fund, the Capital Projects Funds (2002 Construction Fund and the Building and Site Fund) and the Fiduciary Funds. The District reports assets it is holding on behalf of others in its Student Activities Fiduciary Fund.

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The fund financial statements focus on the how the District used the resources available to it during the current year. Purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

**FINANCIAL POSITION – THE DISTRICT AS A WHOLE**

The following summarizes the District's net assets at fiscal year end June 30, 2007 and 2006:

**Net Assets Summary:**

	<u><b>June 30, 2007</b></u>	<u>June 30, 2006</u>
<b>Assets:</b>		
Current assets	<u><b>\$ 6,031,796</b></u>	<u>\$ 6,460,324</u>
Capital assets	<b>43,046,197</b>	43,087,273
Less: Accumulated depreciation	<u><b>(13,322,308)</b></u>	<u>(12,531,208)</u>
Net Capital assets	<b>29,723,889</b>	30,556,065
Other noncurrent assets	<u><b>1,665,211</b></u>	<u>1,766,205</u>
Total noncurrent assets	<u><b>31,389,100</b></u>	<u>32,322,270</u>
Total assets	<u><b>37,420,896</b></u>	<u>38,782,594</u>
<b>Liabilities:</b>		
Current liabilities	<b>3,959,451</b>	4,742,916
Long-term liabilities	<u><b>27,024,918</b></u>	<u>28,513,645</u>
Total liabilities	<u><b>30,984,369</b></u>	<u>33,256,561</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	<b>1,555,530</b>	969,565
Restricted for debt service	<b>351,864</b>	181,237
Unrestricted	<u><b>4,529,133</b></u>	<u>4,375,231</u>
Total net assets	<u><b>\$ 6,436,527</b></u>	<u>\$ 5,526,033</u>

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The current year change in District net assets is summarized below:

	<b>Year Ending June 30, 2007</b>	<b>Year Ending June 30, 2006</b>
<b>Revenue:</b>		
Program Revenue:		
Charges for services	\$ 696,167	\$ 706,841
Operating grants/categorical state aid	3,023,598	2,743,052
General Revenue:		
Property taxes	5,005,524	4,583,578
State aid - Unrestricted	17,771,003	17,084,338
Interest and investment earnings	153,037	117,106
Other	16,030	46,749
Total revenue	<u>26,665,359</u>	<u>25,281,664</u>
<b>Function/Program Expenses:</b>		
Instruction and instructional support	14,514,149	15,994,675
Support services	7,562,593	5,333,922
Other		(21,481)
Community Services	265,555	250,305
Athletics	517,018	516,029
Food Service	800,856	824,591
Interest on long term debt	1,336,238	1,299,266
Depreciation (Unallocated)	758,456	756,981
Total expenses	<u>25,754,865</u>	<u>24,954,288</u>
<b>Increase in Net Assets</b>	<u>\$ 910,494</u>	<u>\$ 327,376</u>

**Analysis of Financial Position:**

During the fiscal year ended June 30, 2007, the District's net assets increased by \$910,494

Overall, the increase can be attributed to the following:

**1. Debt Service Activity**

Because the District Wide statements report principal repayments as a reduction of the liability rather than an expense, the debt service fund ended with a surplus of approximately \$1.6 million. Current tax levies are sufficient to retire both principal and interest when due.

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**2. General District Activities**

Under the full accrual accounting method, the general operations of the District (Instructional and instructional support, other support activities such as transportation and plant maintenance, food service, and athletics), incurred a \$467,853 loss. This is primarily due to depreciation of capital assets totaling approximately \$1 million.

**3. School Lunch Activity**

School Lunch activity improved this past year, and did not require a subsidy from the General Fund. Under the full accrual basis of accounting, however, the program's expenses exceeded revenue by approximately \$14,000 in the fiscal year ended June 30, 2007.

As reported in the Statement of Activities, the cost of all governmental activities this year was \$25.75 million. Certain activities were partially funded by those benefiting from the programs (\$696,000) or by other governments and organizations that provided grants and categorical payments (\$3.02 million). The remaining costs of the District, \$22 million, were paid for with taxes of \$5 million and general state aid of \$17.7 million.

**FINANCIAL POSITION – FUND FINANCIAL STATEMENTS**

As noted earlier, the District uses funds to help it control and manage money for particular purposes. A review of the fund financial statements helps consider whether the District is being accountable for the resources taxpayers and others provide to it, and also provide insight into the District's overall financial health.

The governmental funds reported a \$324,330 increase in combined fund balance during the year ended June 30, 2007. The Debt Service Fund reported a \$170,627 increase in fund balance this year.

Other highlights from the fund financial statements include a \$228,498 increase in the General Fund fund balance. This increase was a pleasant surprise, as the District continues to struggle with rising employee costs and uncertain and stagnant state aid revenue.

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District adopts its original budget in June, prior to the start of the fiscal year. This budget requires amendments due to the timing of its preparation in relation to knowledge surrounding revenue sources which will be available to the District.

The original budget is prepared using certain assumptions regarding student counts, which have a major impact on available revenues. The District's general state aid is computed using a \$7,085 per student foundation allowance (reduced by per student tax revenues generated locally). The number of students the state uses for aid purposes are based on 25% of the February student count from the previous fiscal year and 75% of the student count taken on the fourth Wednesday in September of the current fiscal year. The September student count information is obviously not available when preparing the original budget.

With that in mind, the changes to the original General Fund budget were relatively minor. The original budgeted revenues were \$22,682,678; the final budget was 1.5% higher at \$23,018,393. Budgeted expenditures decreased by .2% to \$23,027,166 (from \$23,073,335).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2007, the District had over \$43 million invested in a range of capital assets including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a decrease of \$41,000 from 2006. Current additions included a new boiler at the high school which cost \$100,500, and additional technology upgrades at a cost of \$87,000. The District also disposed of several computers which were no longer functional. Because of the tight financial situation the District faces, our capital assets continue to age. Critical needs for the near future include replacements for school buses. The Transportation staff has done a great job of extending the life of these vehicles, through maintenance and care during use. A summary of capital asset activity is as follows:

Asset Type	Balance 6/30/06	Additions	Disposals	Balance 6/30/07
Land	\$ 995,428	\$ -	\$ -	\$ 995,428
Buildings and Improvements	37,367,014	100,544	-	37,467,558
Improvements other than				
Buildings	1,135,729	12,598	-	1,148,327
Equipment/Furnishings	903,048	25,633	(3,750)	924,931
Technology Equipment	1,130,104	87,099	(263,200)	954,003
Buses	1,490,500	-	-	1,490,500
Other Vehicles	65,450	-	-	65,450
	<u>\$ 43,087,273</u>	<u>\$ 225,874</u>	<u>\$ (266,950)</u>	<u>\$ 43,046,197</u>

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The District anticipates capital additions will again be lower than typical during the 2007-2008 fiscal year. The District's buildings are in excellent condition, primarily due to the generous support of taxpayers. The community should take a great deal of pride in the attractive and well maintained buildings throughout the District.

**Debt**

At the end of the year, the District had the following long term debt:

	Balance 6/30/07	Additions	Repayments	Balance 6/30/07
Installments Payable	\$ 1,589,992		\$ (1,122,566)	\$ 467,426
Capital Lease Payable	149,595	-	(72,433)	77,162
Bonds Payable	28,748,801		(1,215,097)	27,533,704
Accreted interest on State School Bond Loan Fund	98,111	117,798	(125,842)	90,067
	<u>\$ 30,586,499</u>	<u>\$ 117,798</u>	<u>\$ (2,535,938)</u>	<u>\$ 28,168,359</u>

The District remains ahead of financial projections with the repayment of borrowings from the State School Bond Loan Fund from its 1995 capital improvement bond issue. A portion of the 2002 bond issue was refinanced in January 2006, which resulted in a loss on the 2006 fund financial statements, but will save the District (and taxpayers) in excess of \$1.1 million over the remaining life of the outstanding bonds. The District continues to levy 7 mills for debt service.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The elected school board members and school administration consider many factors when setting the District's 2007/2008 General Fund budget. One of the most important factors is the student count. As discussed earlier, the District's state aid is based on a per pupil basis, with the number of pupils determined using the February 2007 and the September 2007 pupil counts. The state aid represents approximately 75% of the total revenue for the General Fund. We are currently expecting a small increase in the September 2007 pupil count, which will generate a slight increase in state aid.

The District is heavily dependent on the State of Michigan for its General Fund revenues. As a result, the overall state economy has a direct impact on the District's level of funding. For the past three years, the State's tax collections have been decreasing. As of this date, the State has not passed an appropriation bill for schools for fiscal year 2007/2008. The district's conservative estimate for the foundation allowance remains at the 2006/07 level of \$7,085 per student.

**WESTERN SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the residents and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Department, 1400 S. Dearing Rd., Parma, Michigan 49269.



## **BASIC FINANCIAL STATEMENTS**

**WESTERN SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
JUNE 30, 2007

<b>Assets</b>	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 2,326,773
Investments	-
Accounts receivable	36,018
Due from other governmental units	3,381,421
Inventory	38,467
Prepaid expenses	249,117
Total current assets	<u>6,031,796</u>
<b>Noncurrent Assets:</b>	
Capital assets - Less accumulated depreciation of \$13,322,308	29,723,889
Bond issuance costs - Less accumulated amortization of \$375,785	1,665,211
Total noncurrent assets	<u>31,389,100</u>
Total assets	<u>37,420,896</u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts payable	234,777
Interest payable	202,247
Salaries payable	1,533,586
Accrued expenses	796,032
Deferred revenue	49,368
Bonds, installment purchase agreements and capital leases payable - Due within one year	1,143,441
Total current liabilities	<u>3,959,451</u>
<b>Noncurrent Liabilities:</b>	
Bonds, installment purchase agreements and capital leases payable	26,934,851
Interest payable to State School Bond Loan Fund	90,067
Total noncurrent liabilities	<u>27,024,918</u>
Total liabilities	<u>30,984,369</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	1,555,530
Restricted for debt service	351,864
Unrestricted	4,529,133
Total net assets	<u>\$ 6,436,527</u>

The accompanying notes are an integral part of the financial statements.

**WESTERN SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

		Program Revenues		Governmental Activities
		Charges For	Operating	Net (Expense)
	Expenses	Services	Grants	Revenue and Change in Net Assets
<b>Functions/Programs:</b>				
Governmental Activities:				
Instruction and instructional support	\$ 14,514,149	\$ 24,657	\$ 2,616,697	\$ (11,872,795)
Support services	7,562,593	-	47,256	(7,515,337)
Other	-	-	-	-
Community services	265,555	146,584	-	(118,971)
Athletics	517,018	99,601	-	(417,417)
School Lunch	800,856	425,325	359,645	(15,886)
Interest on long term debt	1,336,238	-	-	(1,336,238)
Depreciation (Unallocated)	758,456	-	-	(758,456)
Total Governmental Activities	\$ 25,754,865	\$ 696,167	\$ 3,023,598	(22,035,100)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				2,369,881
Property taxes, levied for debt service				2,635,643
State of Michigan aid, unrestricted				17,771,003
Interest and investment earnings				153,037
Loss on disposal of assets				(8,600)
Other				24,630
Total general revenues				22,945,594
<b>Change in Net Assets</b>				<b>910,494</b>
Net assets - Beginning				5,526,033
Net assets - Ending				\$ 6,436,527

The accompanying notes are an integral part of the financial statements.

**WESTERN SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
JUNE 30, 2007

	GENERAL FUND	DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Cash and cash equivalents	\$ 1,179,032	\$ 334,624	\$ 813,117	\$ 2,326,773
Investments	-	-	-	-
Accounts receivable	35,096	-	922	36,018
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Internal balances	1,919	14,021	(15,940)	-
Due from other governmental units	3,356,152	10,157	15,112	3,381,421
Inventory	26,792	-	11,675	38,467
Prepaid expenses	249,117	-	-	249,117
Total assets	<u>\$ 4,848,108</u>	<u>\$ 358,802</u>	<u>\$ 824,886</u>	<u>\$ 6,031,796</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 112,709	\$ 5,762	\$ 116,306	\$ 234,777
Interest payable	-	1,176	-	1,176
Salaries payable	1,505,063	-	28,523	1,533,586
Accrued expenses	781,973	-	14,059	796,032
Deferred revenue	39,679	-	9,689	49,368
State Aid Note Payable	-	-	-	-
Total liabilities	<u>2,439,424</u>	<u>6,938</u>	<u>168,577</u>	<u>2,614,939</u>
<b>Fund Balances:</b>				
Reserved	275,909	-	1,004	276,913
Unreserved and undesignated	2,132,775	351,864	655,305	3,139,944
Total fund balances	<u>2,408,684</u>	<u>351,864</u>	<u>656,309</u>	<u>3,416,857</u>
Total liabilities and fund balances	<u>\$ 4,848,108</u>	<u>\$ 358,802</u>	<u>\$ 824,886</u>	<u>\$ 6,031,796</u>

The accompanying notes are an integral part of the financial statements.

**WESTERN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	GENERAL FUND	DEBT RETIREMENT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
<b>Revenues:</b>				
Local sources	\$ 2,630,800	\$ 2,684,852	\$ 563,706	\$ 5,879,358
State sources	18,984,636	-	47,550	19,032,186
Federal sources	245,001	-	312,095	557,096
Interdistrict sources	1,205,319	-	-	1,205,319
Total revenues	23,065,756	2,684,852	923,351	26,673,959
<b>Expenditures:</b>				
Current:				
Instruction	14,457,404	-	-	14,457,404
Support services	7,432,527	-	-	7,432,527
Other	-	-	-	-
Community services	263,518	-	-	263,518
Athletics	-	-	487,431	487,431
Food Service	-	-	784,501	784,501
Other transactions	-	-	-	-
Debt service	224,412	2,530,165	-	2,754,577
Capital outlay	64,481	-	105,189	169,670
Total expenditures	22,442,342	2,530,165	1,377,121	26,349,628
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	623,414	154,687	(453,770)	324,331
<b>Other Financing Sources (Uses):</b>				
Sale of School Property	-	-	-	-
Operating Transfers In/Out	(394,916)	15,940	378,976	-
Payments to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	(394,916)	15,940	378,976	-
<b>Net Changes in Fund Balances</b>	228,498	170,627	(74,794)	324,331
<b>Fund Balance - Beginning</b>	2,180,186	181,237	731,103	3,092,526
<b>Fund Balance - Ending</b>	\$ 2,408,684	\$ 351,864	\$ 656,309	\$ 3,416,857

The accompanying notes are an integral part of the financial statements.

**WESTERN SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2007**

**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets:**

Total Governmental Fund Balances		\$ 3,416,857
Amounts reported for governmental activities in the statement of net assets because:		
Capital assets used in governmental activities are not financial resources. Accordingly, they are not reported on the governmental funds balance sheet.		
The cost of capital assets is:	\$ 43,046,197	
Accumulated depreciation is:	<u>(13,322,308)</u>	29,723,889
Bond issuance costs are not financial resources, and therefore are not reported on the governmental funds balance sheet.		
The balance of unamortized bond issue costs is:		1,665,211
Accrued interest is not included as a liability in governmental funds.		(201,071)
Long term liabilities are not payable from current resources. As a result, they are not reported on the governmental fund balance sheet.		
Bonds and notes payable balance is:		(28,078,292)
Noncurrent interest payable is:		<u>(90,067)</u>
		<u><u>\$ 6,436,527</u></u>

The accompanying notes are an integral part of the financial statements.

**WESTERN SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2007**

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities:**

Net changes in fund balances - Total Governmental Funds	\$	324,330
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated to expense over their useful lives as depreciation expense.		
Depreciation expense	\$	(1,049,450)
Capital outlay		<u>225,874</u> (823,576)
Governmental funds report proceeds from sale of fixed assets as revenue; the statement of activities nets the proceeds with net book value		
		(8,600)
Interest expense is reported in the statement of activities when incurred; it is not reported as an expenditure in the governmental fund financial statements until it is paid.		
		109,237
Interest expense is increased by the amortization of bond issuance costs.		
		(100,994)
Bond and note principal payments are reported as an expenditure in the governmental funds; they reduce the long term debt liabilities in the statement of activities		
		<u>1,410,097</u>
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>910,494</u>

The accompanying notes are an integral part of the financial statements.

**WESTERN SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2007**

	Agency	Private Purpose Trust	Total
<b>Assets</b>			
Cash	\$ 316,661	\$ -	\$ 316,661
Investments	-	119,447	119,447
Total Assets	<u>\$ 316,661</u>	<u>\$ 119,447</u>	<u>\$ 436,108</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to student groups	316,661	-	316,661
Total Liabilities	<u>316,661</u>	<u>-</u>	<u>316,661</u>
<b>Net Assets</b>			
Designated for scholarships	-	119,447	119,447
Total Liabilities and Net Assets	<u>\$ 316,661</u>	<u>\$ 119,447</u>	<u>\$ 436,108</u>

The accompanying notes are an integral part of this statement.



**WESTERN SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Additions:**

Contributions	\$ 103,855
Investment earnings:	
Interest	2,865
Dividends	-
Realized gains	19,345
Net increase (decrease) in fair value of investments	(1,318)
Net investment earnings	20,892
Total additions	124,747

**Deductions:**

Scholarships	5,000
Administrative expenses	300
Total deductions	5,300

Change in net assets	119,447
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Net assets - beginning of the year	-
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Net assets - end of the year	\$ 119,447
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The accompanying notes are in integral part of the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**WESTERN SCHOOL DISTRICT**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

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**WESTERN SCHOOL DISTRICT**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

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**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of the Western School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**1. REPORTING ENTITY:**

The Western School District (the District) is a public school district created under the laws of the State of Michigan. It is governed by a publicly elected seven member Board of Education, which has responsibility and control over all activities relating to public school K-12 education within the District's geographic boundaries.

The District was formed in 1958 by the merger of Bean, Parma, Spring Arbor and Woodville school districts. Located in the western portion of Jackson County, Michigan, the Western School District today provides educational services from kindergarten through the twelfth grade to approximately 2,900 students.

The District receives funding from local, state, and federal government funding sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by GAAP. In addition, the District's reporting entity does not contain any component units as defined in GASB Statements No. 14 and 39.

**2. DISTRICT WIDE AND FUND FINANCIAL STATEMENTS:**

The district wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the primary government (the District). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business activities, which rely to a significant extent on fees and charges for support. All of the District's government – wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes both (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported as general revenue.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**2. DISTRICT WIDE AND FUND FINANCIAL STATEMENTS:** (Continued)

Separate financial statements are provided for the governmental funds and fiduciary funds, even though the latter are excluded from the district wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION:**

**a. District Wide Financial Statements** – The district wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and other similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions, including categorical state aid; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than a program revenue. Likewise, general revenue includes all tax revenue and unrestricted state aid.

**b. Fund Financial Statements** - Governmental fund financial statements use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are generally recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, unrestricted state aid, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the District, and are recognized as revenue at that time.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION:** (Continued)

**b. Fund financial statements** (Continued)

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt.

Additionally, the District reports the following fund types:

The *School Service Funds* are special revenue funds that account for revenue sources that are legally restricted to expenditure for specific purposes (not including or major capital projects). The School Service Funds maintained by the District are the Athletics Fund and the School Lunch Fund.

The *2002 Construction Capital Project Fund* accounts for the construction, furnishing, and equipping of additions and renovations at Western High School and Middle School. The funds were provided from the sale of voter-approved bonds in 2002.

The *Building and Site Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects not being funded with voter approved bonds.

*Fiduciary Funds* account for assets held by the District in a trustee capacity, or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The Brad Wirebaugh Scholarship is the District's only trust fund. Agency funds are accounted for on the modified accrual basis of accounting. The District's *Student Activity Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. This fund is used to account for assets that the District holds for student and parent groups for school and school related purposes. The accounts are segregated and held in trusts for the students and parents.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**4. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

Western accounts for all investments with an original maturity of 90 days or less, or with liquidity similar to cash (such as money market accounts) as cash equivalents. Investments are reported at their amortized cost, which does not materially differ from their fair market value.

**5. RECEIVABLES:**

The District has recognized revenues in accordance with its accrual policy. These receivables, along with payments accrued from other governmental units, are recognized at their gross amount in these financial statements. An allowance for uncollectible amounts has not been established as management believes that such an allowance would be immaterial in amount. Past history supports this assertion.

**6. INVENTORIES AND PREPAIDS:**

Inventory is valued at the lower of cost (first-in, first-out basis) or market. Inventories consist of fuel, and food and commodities. The District accounts for inventory under the expenditure method – all purchases are recorded as expenditures until year end, when an adjustment is made to reflect inventory on hand.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories and prepaid expenses are equally offset by a fund balance reserve in the fund financial statements to indicate that they do not constitute “available spendable resources”, even though they are a component of net current assets.

**7. DUE TO/FROM OTHER FUNDS (INTERNAL BALANCES):**

Interfund receivables and payables arise from transactions between funds and are recorded by all funds involved in the period in which the transactions are executed.

**8. CAPITAL ASSETS:**

Capital assets, which include land, buildings and improvements, non-building improvements (such as parking lots, and athletic facilities), furnishings and equipment, technology equipment, school buses and other vehicles. Capital assets are defined by District policy as assets with an individual cost greater than \$1,500 and a useful life greater than one year. Such assets are recorded at historical costs or estimated historical cost in some instances. Costs of normal repair and maintenance that do not add to the value or extend the useful life of the asset are not capitalized.



**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**8. CAPITAL ASSETS:** (Continued)

Capital assets are depreciated using the straight line method over the following useful lives:

Buildings and improvements	15-50 years
Improvements other than buildings	15-20 years
Equipment/furnishings	7-15 years
Technology equipment	5-15 years
Buses	12 years
Other vehicles	4-10 years

The District uses salvages values equal to approximately 10% of cost for buildings and improvements; other categories use a salvage value of approximately 5%.

**9. LONG-TERM OBLIGATIONS:**

In the government wide financial statements, long-term debt and other obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance expenses, are deferred and amortized over the life of the bonds using the effective interest method. These costs are reported as an asset in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and issuance costs in the period in which they are incurred. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period when incurred. Proceeds from long-term debt are reported as an other financing source net of the applicable premium or discount.

**10. FUND EQUITY:**

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The reservations of the District's fund balance have been established to reflect amounts invested in inventories and prepaid expenses.

**11. COMPARATIVE DATA/RECLASSIFICATIONS:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and supplemental information in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**1. BUDGETARY INFORMATION:**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and both school service funds; the Capital Projects Fund has adopted a project-length budget. The budgets are adopted officially at the program level, although a line item budget is maintained as a management tool. All annual appropriations lapse at fiscal year end.

A preliminary budget is adopted prior to July 1, and that budget was amended in a legally permissible manner during the year.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

In 2007 the School District incurred expenditures in excess of the amounts budgeted as follows:

<u>FUND/PROGRAM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>General Fund:</b>			
Business Services	\$ 486,606	\$ 495,804	\$ (9,198)
Central Services	837,788	866,278	(28,490)
<b>Athletics Fund</b>	470,034	487,431	(17,397)
<b>School Lunch Fund</b>	782,117	789,074	(6,957)

Spending amounts in excess of appropriations (budget) is a violation of state statute.

**NOTE C – CASH AND INVESTMENTS:**

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 2,326,773
Fiduciary Funds:	
Cash and cash equivalents	316,661
Investments	119,447
	<u>\$ 2,762,881</u>

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE C – CASH AND INVESTMENTS: (Continued)**

State statutes and District policy authorize the District to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The District's deposits are in accordance with statutory authority and District policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District minimizes this risk by investing in shorter term securities and holding them to maturity.

The investments at June 30, 2007 consist of taxable bonds issued by quasi-governmental agencies such as the Federal Home Loan Bank and Federal Home Loan Mortgage Corp. It is the District's intent to hold these securities to maturity. These investments were not rated.

**Concentration of Credit Risk**

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. 100% of the District's investments were invested in guaranteed investment contracts as discussed above.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE C – CASH AND INVESTMENTS:** (Continued)

As of June 30, 2007, \$2,541,086 (carrying value; uninsured bank balance at June 30, 2007 was \$3,302,583) of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**NOTE D – RECEIVABLES AND OPERATING TRANSFERS:**

The District has recognized certain receivables in accordance with its accrual policies. These are discussed at length below:

Accounts Receivable - This account consists primarily of funds receivable for items which are attributable to the fiscal year then ended, such as the sale of materials or latchkey services.

Interest Receivable - This account consists of investment income earned as of year end, but not yet credited to the District's investment account.

Taxes Receivable - A receivable is recorded for uncollected personal property taxes to which Western is legally entitled. Jackson County's Delinquent Tax Revolving Fund reimburses Western for any uncollected real property taxes. Therefore, no receivable is necessary for real property taxes.

Due From Other Governmental Units - The balance in this account is comprised of the State Aid and grant payments from the Michigan Department of Education and Jackson County Intermediate School District.

<u>Governmental Unit</u>	<u>Amount</u>
State of Michigan - State Aid	\$ 3,222,864
State of Michigan - Grants	122,282
Blackman Charter Township - Tax distribution	36,275
	<u>\$ 3,381,421</u>

Internal Balances – The following balances were due between funds at year end:

	<u>Receivable</u>		<u>Payable</u>
General Fund	\$ 1,919	Debt Service Fund	\$ 1,919
Debt Service Fund	<u>15,040</u>	Capital Projects Fund	<u>15,040</u>
	<u>\$ 16,959</u>		<u>\$ 16,959</u>

During the fiscal year ended June 30, 2007 the General Fund transferred \$394,916 to the Athletics School Service Fund to cover operating expenses. The 2002 Construction Capital Projects Fund transferred \$15,940 of unused bond proceeds to the Debt Service Fund, as required by state law.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE E – CAPITAL ASSETS:**

Capital asset activity in the District for the year ended June 30, 2007 was as follows:

	Balance 6/30/06	Additions	Disposals/ Adjustments	Balance 6/30/07
Assets not being depreciated -				
Land	\$ 995,428	\$ -	\$ -	\$ 995,428
Capital assets being depreciated:				
Buildings and improvements	37,367,014	100,544	-	37,467,558
Improvements other than buildings	1,135,729	12,598	-	1,148,327
Equipment/furnishings	903,048	25,633	(3,750)	924,931
Technology equipment	1,130,104	87,099	(263,200)	954,003
Buses	1,490,500	-	-	1,490,500
Vehicles other than buses	65,450	-	-	65,450
	<u>42,091,845</u>	<u>225,874</u>	<u>(266,950)</u>	<u>42,050,769</u>
Accumulated depreciation:				
Buildings and improvements	10,011,841	754,042	-	10,765,883
Improvements other than buildings	407,084	46,291	-	453,375
Equipment	478,111	54,501	(3,750)	528,862
Technology equipment	812,924	96,619	(254,600)	654,943
Buses	775,498	95,477	-	870,975
Vehicles other than buses	45,750	2,520	-	48,270
	<u>12,531,208</u>	<u>1,049,450</u>	<u>(258,350)</u>	<u>13,322,308</u>
Net capital assets being depreciated	<u>29,560,637</u>	<u>(823,576)</u>	<u>(8,600)</u>	<u>28,728,461</u>
Net capital assets	<u>\$ 30,556,065</u>	<u>\$ (823,576)</u>	<u>\$ (8,600)</u>	<u>\$ 29,723,889</u>

Depreciation expense was charged to activities of the District as follows:

Instruction	\$ 25,310
Support services	223,865
Community Services	450
Athletics	29,587
Food Service	11,782
Unallocated	758,456
	<u>\$ 1,049,450</u>

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE F - SALARIES PAYABLE AND ACCRUED EXPENSES:**

**1. SALARIES PAYABLE:**

The majority of Western's employees work only while school is in session. The Board has given these employees the option of collecting their annual salary (based upon the District's fiscal year) over a 26 pay period, rather than 21 pays during the year. Amounts owed these employees for work performed during the year ended June 30, but paid in July-August have been recorded as salaries payable.

**2. ACCRUED EXPENSES:**

The fringe benefits related to the employees referred to above for the months of July and August have been accrued and recognized as an expense as of June 30. These fringe benefits are shown below:

FICA	\$ 120,187
Retirement	270,429
Insurances	405,416
	<u>\$ 796,032</u>

**NOTE G - DEFERRED REVENUE:**

In accordance with the District's accounting policy, certain grant and state aid categorical monies have been deferred at June 30, 2007. The revenue will be recognized when qualifying grant expenditures are incurred. In addition, excess tax revenues received from tax increment finance authorities, which are payable by the District to the State under provisions of the State School Aid Act, have been accounted for as deferred revenues. Detail of this account is as follows:

**General Fund:**

Advanced grant funds	\$ 39,679
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**School Lunch Fund:**

Student account balances	9,689
	<u>\$ 49,368</u>

**NOTE H - LONG-TERM DEBT:**

The District issues bonds and notes to provide resources for the acquisition and construction of major capital facilities and certain other long-lived equipment. This debt can be summarized as follows:

*General Obligation Bonds* - The District has issued general obligation bonds to provide funds for the construction, renovation, and equipping of school facilities. General obligation bonds have also been issued to refund other general obligation bonds, in an effort to reduce the total cash outlay by taking advantage of lower interest rates.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT:** Continued)

*General Obligation Bonds – (Continued)*

The State School Bond Loan Fund borrowing was necessary to service the technology portion of the 1995 Building and Site Bonds debt. The State of Michigan makes loans to school districts to assist in the payment of debt service. These loans carry variable interest rates, and are to be repaid whenever the District's property tax levies dedicated to service general obligation bonds result in funds in excess of the debt service requirement. Annual reporting is required, and the State has the final say as to when repayment begins.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>6/30/07 Balance</u>
State School Bond Loan Fund	2.625 - 5.50% (Variable Rate Bond)	\$ 2,064,789
Accreted interest on State School Bond Loan Fund\		\$ 90,067
2006 Refunding Bonds	3.500-5.000%	\$ 8,625,000
2005 Refunding Bonds	3.000-3.500%	\$ 1,030,000
2003 Refunding Bonds	1.000-4.250%	\$ 8,250,000
2002 Building & Site Bonds	2.300 – 5.500%	\$ 5,775,000
1998 School Improvement Bonds ( <i>Durant</i> )	4.761%	\$ 108,915
1995 Building & Site & Refunding Bonds	3.70 - 6.50%	\$ 1,680,000

The 1998 School Improvement Bonds can be paid only through annual appropriations from the State of Michigan.

*Installment Purchase Agreement and Capital Leases Payable* – During 2005, the District issued a installment purchase agreement payable through Comerica Bank, with a \$460,000 face value. The proceeds of this agreement were used to acquire vacant land. This note bears interest at 4.07% annually, and has payments of \$56,905 due each September 1 from 2005 through 2014.

During 2003, the District issued an installment purchase agreement payable to finance the purchase of four school buses. This agreement has a face value of \$205,536. It bears interest at 2.65%, and has payments of \$44,457 due each May 15 from 2004 through 2008.

A second installment purchase agreement was issued in July 2004 to finance a portion of the purchase of five school buses. The agreement has a face value of \$161,524. It bears interest at 2.44%, and requires annual payments of \$42,873 each July 30 from 2004 through 2007.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT:** (Continued)

*Installment Purchase Agreements and Capital Leases Payable – (Continued)*

In August 2005, the District financed the acquisition of 250 desktop computers through a lease agreement with the vendor. Because the term of this agreement approximates the useful life of the computers and it contains a bargain purchase option, the District treats it as a capital lease.

The payments on long-term debt are due as follows:

Year Ending June 30,	General Obligation Bonds	Installment Purchase/Capital Leases Payable	Totals
2008	\$ 2,003,399	\$ 226,438	\$ 2,229,837
2009	2,016,161	56,906	2,073,067
2010	2,007,623	56,906	2,064,529
2011	2,011,649	56,906	2,068,555
2012	2,004,785	56,906	2,061,691
2013-2017	10,102,270	113,812	10,216,082
2018-2022	9,647,812	-	9,647,812
2023-2027	7,514,120	-	7,514,120
Thereafter	2,416,378	-	2,416,378
	39,724,197	567,874	40,292,071
Less: Interest	(12,100,426)	(23,286)	(12,123,712)
	<u>\$ 27,623,771</u>	<u>\$ 544,588</u>	<u>\$ 28,168,359</u>

The changes in long-term debt can be summarized as follows:

	Balance 6/30/06	New Debt Issues	Principal Repayments	Balance 6/30/07
Bonds payable	\$ 28,748,802	\$ -	\$ (1,215,097)	\$ 27,533,705
Accreted interest	98,111	117,797	(125,842)	90,066
Installment purchase agreements/leases payable	<u>1,767,789</u>	<u>-</u>	<u>(1,223,201)</u>	<u>544,588</u>
	<u>\$ 30,614,702</u>	<u>\$ 117,797</u>	<u>\$ (2,564,140)</u>	<u>\$ 28,168,359</u>

The District paid \$1,208,278 of interest during its fiscal year ended June 30, 2007.



**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE I - FUND BALANCES:**

**1. RESERVES AND DESIGNATIONS:**

The General Fund fund balance has a reserve of \$275,909 at June 30, 2007 to offset the inventory and prepaid expenses. The entire Food Service fund balance is reserved at June 30, 2007 (\$1,004) due to its inventory, which totaled \$11,675. These amounts are reserved as they represent amounts not available for appropriation in future periods.

**NOTE J - PROPERTY TAXES:**

Taxes are levied by Western in one installment. The installment is levied by July 1, and is due by February 28 of the following year, with interest of 1% per month being assessed on taxes paid after September 14.

Assessing and collecting Western's property taxes is handled by the townships in which the District is located. The property taxes become a lien on December 31, of the year preceding the levy.

**NOTE K - DEFINED BENEFIT PENSION PLAN:**

**Plan Description**

Western School District participates in the Michigan Public School Employee's Retirement System ("MPERS"), a cost sharing multiple employer, statewide defined benefit public employee retirement plan governed by the State of Michigan. MPERS was originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to: MPERS, P.O. Box 30171, Lansing, MI. 48909-7671.

**Funding Policy**

The District is required to make the full actuarial funding contribution amount needed to fund pension benefits, plus an additional amount to fund retiree health benefits paid on a cash disbursement ('pay as you go') basis. The employer contribution rate totaled 16.34% of covered wages from July 1, 2006 to September 30, 2006. The rate was established at the 17.74% from October 1, 2006 to June 30, 2007.

Employee contributions differ based on selected coverage. Basic Plan members make no contributions. Member Investment Plan members contribute at rates ranging from 3.0% to 4.3% of gross wages.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE K - DEFINED BENEFIT PENSION PLAN:** (Continued)

**Funding Policy** (Continued)

The District's contribution to the MPSERS plan for the year ending June 30, 2007 was \$2,191,000, which equaled the actuarially determined amount. Covered payroll for the year ended June 30, 2007 was \$13,406,000; total payroll was \$13,528,000. Employee contributions for the year ended June 30, 2007 totaled \$534,000.

**Post-Employment Benefits**

Under the MPSERS' Act, all retirees participating in the pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Medicare Part B and 10% of the monthly premium amount for the health, dental, and vision coverages. The District's required contribution for the post-employment benefits are discussed in the funding policy section above.

**NOTE L - CONTINGENT LIABILITIES:**

**Unemployment Claims** - The School District is a reimbursing employer to the Michigan Employment Security Commission for unemployment insurance and as such is responsible to pay the Commission for those benefits paid and charged to its account. As of June 30, 2007, appropriate liabilities have been recorded for all claims paid on the District's behalf by the Commission. No provision has been made for future payments that might result from claims in process or unfilled.

**Delinquent Tax Reimbursements** - Jackson County's Delinquent Tax Revolving Fund annually reimburses Western School District for its delinquent real property taxes for the current year levy as of March 1. The School District is responsible for repayment to the County's Delinquent Tax Revolving Fund of any taxes which remain unpaid five years after the original date of delinquency. The dollar amount of the contingent liability under this agreement has not been determined, however, past payments to the fund have been immaterial in amount.

**Union Negotiations** – The District is in negotiations with the Support Personnel and Secretarial units of Western employee unions. These contracts expired as of August 31, 2007. Employees continue to work under the terms of the expired agreement.

**NOTE M – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

Western School District does not provide any post-employment benefits other than those provided by the Michigan Public School Employees' Retirement System.

**WESTERN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE N - COMMITMENTS:**

**Lease Agreements** - Western School District has committed to monthly lease payments under various agreements for office and other equipment. Future minimum payments due under these agreements are as follows:

<u>Fiscal Year Ending:</u>	<u>Amount</u>
June 30, 2008	\$ 110,722
June 30, 2009	108,491
June 30, 2010	72,132
June 30, 2011	63,622
June 30, 2012	13,290
	<u>\$ 368,257</u>

**NOTE O - RISK MANAGEMENT:**

The District is exposed to various risks of loss related to property loss or damage, torts, errors and omissions claims, and employee injuries. The District has purchased commercial insurance to protect itself from errors and omissions claims, employee injury (workers' compensation) and medical benefits.

The District participates in an association of educational institutions located within the State of Michigan for self-insuring property and casualty claims and losses. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for these coverages. In the event the association's total claims and expenses for a policy year exceed the total normal premiums for said year, all members of the policy year may be subject to special assessments to cover the difference. The association maintains reinsurance to limit its exposure to large claims. To date, the District has not been notified of the need for any special assessments; refunds have been received/credited to premiums for the past several years.

**NOTE P - SUBSEQUENT EVENTS:**

**Bond Issue** - Western Schools participated in the Michigan Municipal Bond Authority's issuance of Revenue Anticipation notes in August 2007 as necessary to meet cash flow requirements. Western's portion of these notes totaled \$2,000,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WESTERN SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS		ACTUAL
	ORIGINAL	FINAL	
<b>Revenues:</b>			
Local sources	\$ 3,707,874	\$ 2,620,801	\$ 2,630,800
State sources	18,670,282	18,998,130	18,984,636
Federal sources	304,522	252,988	245,001
Interdistrict sources	-	1,146,474	1,205,319
Total revenues	22,682,678	23,018,393	23,065,756
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Basic programs	11,397,593	11,346,750	11,325,611
Added needs	2,991,655	3,021,396	2,975,446
Community education	182,198	164,557	156,347
Total instruction	14,571,446	14,532,703	14,457,404
<b>Support Services:</b>			
Pupil	486,959	492,374	489,586
Instructional staff	461,775	495,823	476,233
General administration	369,270	378,493	369,522
School administration	1,469,419	1,471,823	1,434,885
Business services	431,048	486,606	495,804
Operating building services	2,078,821	2,025,865	1,999,847
Pupil transportation	1,315,929	1,318,083	1,298,866
Central services	1,027,511	837,788	866,278
Other	579,157	2,000	1,505
Total support services	8,219,889	7,508,855	7,432,527
<b>Community services</b>	282,000	265,388	263,518
<b>Other transactions</b>	-	-	-
<b>Capital outlay</b>	-	77,588	64,481
<b>Debt service</b>	-	226,220	224,412
Total expenditures	23,073,335	22,610,754	22,442,342
<b>Revenues over expenditures</b>	(390,657)	407,639	623,414
<b>Other Financing Sources (Uses):</b>			
Proceeds from Long-term Debt/Sale of School Property	-	-	-
Transfers Out	-	(416,412)	(394,916)
Total Other Financing Sources (Uses)	-	(416,412)	(394,916)
<b>Net Change in Fund Balances</b>	(390,657)	(8,773)	228,498
<b>Fund Balance - Beginning</b>	1,928,160	2,180,186	2,180,186
<b>Fund Balance - Ending</b>	\$ 1,537,503	\$ 2,171,413	\$ 2,408,684

The accompanying notes are an integral part of the financial statements.

## **OTHER ADDITIONAL INFORMATION**

**WESTERN SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	NONMAJOR SPECIAL REVENUE		CAPITAL PROJECTS FUNDS		2007 TOTAL
	ATHLETICS	FOOD SERVICE	2002 CONSTRUCTION	BUILDING & SITE	
<b>Assets:</b>					
Cash	\$ 23,581	\$ 37,805	\$ 116,483	\$ 635,248	\$ <b>813,117</b>
Accounts receivable	922	-	-	-	<b>922</b>
Taxes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	15,112	-	-	<b>15,112</b>
Inventory	-	11,675	-	-	<b>11,675</b>
Total assets	\$ 24,503	\$ 64,592	\$ 116,483	\$ 635,248	\$ <b>840,826</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,446	\$ 11,317	\$ 100,543	\$ -	\$ <b>116,306</b>
Accrued expenses	-	14,059	-	-	<b>14,059</b>
Salaries payable	-	28,523	-	-	<b>28,523</b>
Due to other funds	-	-	15,940	-	<b>15,940</b>
Deferred revenue	-	9,689	-	-	<b>9,689</b>
Total liabilities	4,446	63,588	116,483	-	<b>184,517</b>
<b>Fund balance:</b>					
Reserved	-	1,004	-	-	<b>1,004</b>
Unreserved	20,057	-	-	635,248	<b>655,305</b>
Total fund balance	20,057	1,004	-	635,248	<b>656,309</b>
Total liabilities and fund balance	\$ 24,503	\$ 64,592	\$ 116,483	\$ 635,248	\$ <b>840,826</b>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	NONMAJOR SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		
	ATHLETICS	SCHOOL LUNCH	2002 CONSTRUCTION	BUILDING & SITE	2007 TOTAL
<b>Revenues:</b>					
Local sources	\$ 105,323	\$ 427,615	\$ 5,333	\$ 25,435	\$ 563,706
State sources	-	47,550	-	-	47,550
Federal sources	-	312,095	-	-	312,095
Total revenues	105,323	787,260	5,333	25,435	923,351
<b>Expenditures:</b>					
Current Operations:					
Athletics	487,431	-	-	-	487,431
Food Service	-	784,501	-	-	784,501
Debt service	-	-	-	-	-
Capital outlay	-	4,573	100,616	-	105,189
Total expenditures	487,431	789,074	100,616	-	1,377,121
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(382,108)	(1,814)	(95,283)	25,435	(453,770)
<b>Other Financing Sources (Uses):</b>					
Proceeds of refunding bonds	-	-	-	-	-
Operating transfers in	394,916	-	-	-	394,916
Payments to refunding escrow agent	-	-	-	-	-
Operating transfers out	-	-	(15,940)	-	(15,940)
Other financing sources (uses)	394,916	-	(15,940)	-	378,976
<b>Net Change in Fund Balances</b>	12,808	(1,814)	(111,223)	25,435	(74,794)
<b>Fund Balance - Beginning</b>	7,249	2,818	111,223	609,813	731,103
<b>Fund Balance - Ending</b>	\$ 20,057	\$ 1,004	\$ -	\$ 635,248	\$ 656,309

The accompanying notes are an integral part of the financial statements.



## **GENERAL FUND FINANCIAL STATEMENTS**

The General Fund accounts for all transactions related to the operations of the school district, except those transactions required by law to be entered into other funds.

The following statements of the General Fund -- Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance -- provide additional detail to assist in the analysis of the General Fund's finances.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,179,032	\$ 1,262,182
Investments	-	894,847
Accounts receivable	35,096	16,177
Taxes receivable	-	14,053
Due from other funds	1,919	19,222
Due from other governments	3,356,152	3,251,606
Inventory	26,792	14,992
Prepaid expenses	249,117	484
	<hr/>	<hr/>
Total assets	\$ 4,848,108	\$ 5,473,563
	<hr/>	<hr/>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 112,709	\$ 105,989
Due to other funds	-	-
Salaries payable	1,505,063	1,389,021
Accrued expenses	781,973	756,563
Deferred revenue	39,679	13,602
State Aid Anticipation Note Payable	-	1,028,202
Total liabilities	<hr/> 2,439,424	<hr/> 3,293,377
	<hr/>	<hr/>
<b>Fund Balance:</b>		
Reserved	275,909	15,476
Unreserved	2,132,775	2,164,710
Total fund balance	<hr/> 2,408,684	<hr/> 2,180,186
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 4,848,108	\$ 5,473,563
	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>REVENUES, INCOMING TRANSFERS &amp; OTHER TRANSACTIONS:</u></b>			
<b>LOCAL SOURCES:</b>			
Property tax	\$ 2,340,723	\$ 2,308,076	\$ 2,136,567
Delinquent tax collections	-	54,144	-
Penalties and interest on delinquent taxes	4,500	7,661	5,173
Total taxes	2,345,223	2,369,881	2,141,740
Tuition - Community Ed. Enrichment	15,500	15,413	16,799
Tuition - Preschool	7,200	9,244	7,984
Interest	34,000	70,770	59,263
Other local revenue:			
Latchkey Program	138,653	146,584	133,042
Rent of school facilities	5,000	6,615	7,360
Miscellaneous	75,225	12,293	39,389
Total revenues from local sources	2,620,801	2,630,800	2,405,577
<b>STATE SOURCES:</b>			
State Aid Foundation	17,884,132	17,708,823	17,065,942
Durant settlement - Sec. 11	18,446	18,445	18,446
At Risk - Sec. 31A	292,122	293,622	374,357
School Readiness - Sec. 36	75,900	80,168	71,599
Special Education - Sec. 53	667,492	821,398	615,970
Renaissance Zone	23,860	26,261	-
State Aid payments	18,961,952	18,948,717	18,146,314
Other State Revenue	36,178	35,919	-
Total revenues from state sources	18,998,130	18,984,636	18,146,314
<b>FEDERAL SOURCES:</b>			
Received through the State:			
Title I - Regular	162,213	154,554	211,991
Title II A - Improving Teacher Quality	84,710	84,710	86,338
Title II D - Technology Literacy Challenge	2,176	2,176	3,955
Title V - Innovative Education Programs	589	589	1,148
Other	2,250	1,126	-
Federal revenue received through the state	\$ 251,938	\$ 243,155	\$ 303,432

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>REVENUES, INCOMING TRANSFERS &amp; OTHER TRANSACTIONS:</u></b> (Continued)			
<b>FEDERAL SOURCES:</b> (Continued)			
Received through the Jackson County ISD:			
Safe & Drug-Free Schools	\$ 1,050	\$ 1,846	\$ -
FIA Grant	-	-	-
Federal revenue received through the ISD	<u>1,050</u>	<u>1,846</u>	<u>-</u>
Total revenues from federal sources	<u>252,988</u>	<u>245,001</u>	<u>303,432</u>
<b>INTERDISTRICT SOURCES:</b>			
ISD - LAP Grant	-	-	60,000
ISD - Career Prep	-	23,000	23,000
ISD - County Special Education	1,146,474	1,135,063	937,659
ISD - EDP reimbursement	-	47,256	43,630
Total revenues from interdistrict sources	<u>1,146,474</u>	<u>1,205,319</u>	<u>1,064,289</u>
Total revenues	<u>23,018,393</u>	<u>23,065,756</u>	<u>21,919,612</u>
<b>INCOMING TRANSFERS AND OTHER TRANSACTIONS:</b>			
<b>Incoming Transfers -</b>			
Building & Site Fund	-	-	-
Total incoming transfers - Other funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other transactions -</b>			
Sale of school property	-	-	-
Proceeds from long-term debt	-	-	231,796
Total other transactions	<u>-</u>	<u>-</u>	<u>231,796</u>
Total incoming transfers & other transactions	<u>-</u>	<u>-</u>	<u>231,796</u>
Total revenues, incoming transfers and other transactions	<u>\$ 23,018,393</u>	<u>\$ 23,065,756</u>	<u>\$ 22,151,408</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b>			
<b>INSTRUCTION:</b>			
<b><u>Basic Programs - Elementary:</u></b>			
Professional Salaries	\$ 2,781,718	\$ 2,777,907	\$ 2,541,437
Non-Professional Salaries	38,200	51,907	41,155
Insurances	671,286	665,670	645,090
FICA & Retirement	715,289	717,789	617,739
Other Benefits	23,407	22,607	17,942
Purchased Services	84,710	84,710	-
Supplies & Materials	137,869	119,443	132,786
Total Basic Programs - Elementary	<u>4,452,479</u>	<u>4,440,033</u>	<u>3,996,149</u>
<b><u>Basic Programs - Middle School:</u></b>			
Professional Salaries	1,964,307	1,941,095	1,947,435
Non-Professional Salaries	22,000	22,869	38,100
Insurances	487,675	507,927	467,100
FICA & Retirement	506,600	500,951	473,009
Other Benefits	14,046	14,346	12,523
Purchased Services	-	-	-
Supplies & Materials	115,957	115,552	51,664
Total Basic Programs - Middle School	<u>3,110,585</u>	<u>3,102,740</u>	<u>2,989,831</u>
<b><u>Basic Programs - High School:</u></b>			
Professional Salaries	2,094,496	2,108,148	1,936,713
Non-Professional Salaries	33,035	37,060	57,375
Insurances	520,646	517,261	514,578
FICA & Retirement	534,145	537,805	475,956
Other Benefits	15,357	15,957	14,816
Purchased Services	18,000	16,454	30,742
Supplies & Materials	234,161	218,432	63,170
Total Basic Programs - High School	<u>\$ 3,449,840</u>	<u>\$ 3,451,117</u>	<u>\$ 3,093,350</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>INSTRUCTION: (Continued)</b>			
<b><u>Basic Programs - Options Center (High School):</u></b>			
Professional Salaries	\$ 99,140	\$ 103,600	\$ 101,466
Non-Professional Salaries	38,063	39,559	39,819
Insurances	63,163	57,854	16,223
FICA & Retirement	35,030	35,427	32,758
Other Benefits	-	-	-
Purchased Services	-	-	-
Supplies & Materials	6,000	5,870	10,564
Other	-	-	-
Total Basic Programs - Options Center (High School)	<u>241,396</u>	<u>242,310</u>	<u>200,830</u>
<b><u>Basic Programs - Preschool (School Readiness):</u></b>			
Professional Salaries	6,000	6,000	8,000
Non-Professional Salaries	52,734	53,178	45,785
Insurances	4,000	2,000	2,000
FICA & Retirement	15,193	13,762	13,359
Other Benefits	200	200	200
Purchased Services	8,507	7,387	7,525
Supplies & Materials	5,816	6,885	2,715
Total Basic Programs - Preschool (School Readiness)	<u>92,450</u>	<u>89,412</u>	<u>79,584</u>
Total Basic Programs	<u>11,346,750</u>	<u>11,325,611</u>	<u>10,359,744</u>
<b><u>Added Needs - Special Education:</u></b>			
Professional Salaries	934,818	934,346	865,232
Non-Professional Salaries	406,618	414,894	371,669
Insurances	342,418	342,436	341,202
FICA & Retirement	337,663	340,183	289,220
Other Benefits	7,215	7,375	6,295
Purchased Services	-	-	-
Supplies & Materials	7,500	6,901	10,954
Total Added Needs - Special Education	<u>\$ 2,036,232</u>	<u>\$ 2,046,135</u>	<u>\$ 1,884,572</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>INSTRUCTION:</b> (Continued)			
<b><u>Added Needs - Compensatory Ed - At Risk:</u></b>			
Professional Salaries	\$ 257,163	\$ 256,961	\$ 317,708
Non-Professional Salaries	74,374	74,374	72,169
Insurances	8,300	27,272	79,398
FICA & Retirement	83,794	81,287	92,950
Other Benefits	-	-	-
Purchased Services	6,043	11,328	28,650
Supplies & Materials	-	-	-
Total Added Needs - Compensatory Ed - At Risk	<u>429,674</u>	<u>451,222</u>	<u>590,875</u>
<b><u>Added Needs - Compensatory Ed -Title I:</u></b>			
Professional Salaries	135,140	103,140	134,081
Insurances	29,802	27,580	44,571
FICA & Retirement	25,849	24,433	31,874
Purchased Services	24,680	-	-
Supplies & Materials	1,600	267	1,465
Total Added Needs - Compensatory Ed - Title I	<u>217,071</u>	<u>155,420</u>	<u>211,991</u>
<b><u>Added Needs - Compensatory Ed - Reading:</u></b>			
Professional Salaries	192,168	204,105	175,299
Insurances	49,092	48,252	49,944
FICA & Retirement	59,147	54,270	49,357
Other Benefits	-	-	-
Purchased Services	38,012	16,041	57,082
Supplies & Materials	-	-	-
Total Added Needs - Compensatory Ed - Reading	<u>338,419</u>	<u>322,668</u>	<u>331,682</u>
<b><u>Added Needs - Other:</u></b>			
Professional Salaries	-	-	-
Non-Professional Salaries	-	-	23,141
FICA & Retirement	-	-	-
Other Benefits	-	-	-
Purchased Services	-	-	96,948
Supplies & Materials	-	-	36,865
Total Added Needs - Other	<u>-</u>	<u>-</u>	<u>156,954</u>
 Total Added Needs	 \$ 3,021,396	 \$ 2,975,446	 \$ 3,176,074

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>INSTRUCTION:</b> (Continued)			
<b><u>Community Education - Adult:</u></b>			
Professional Salaries	\$ 71,056	\$ 74,433	\$ 73,744
Non-Professional Salaries	27,719	21,927	37,222
Insurances	23,855	22,921	29,082
FICA & Retirement	27,227	24,729	26,445
Other Benefits	-	-	-
Purchased Services	1,100	797	279
Supplies & Materials	13,600	11,540	10,208
Total Community Education - Adult	<u>164,557</u>	<u>156,347</u>	<u>176,980</u>
 Total Instruction	 <u>14,532,703</u>	 <u>14,457,404</u>	 <u>13,712,798</u>
<b>SUPPORT SERVICES:</b>			
<b><u>Pupil Services - Guidance Services:</u></b>			
Professional Salaries	225,415	225,041	214,684
Insurances	75,412	72,427	70,380
FICA & Retirement	57,008	58,857	51,019
Other Benefits	-	-	-
Purchased Services	-	-	-
Total Student Services - Guidance	<u>357,835</u>	<u>356,325</u>	<u>336,083</u>
<b><u>Pupil Services - Social Workers:</u></b>			
Nonprofessional salaries	72,626	72,627	29,364
Insurances	8,399	7,971	-
FICA & Retirement	18,368	18,744	7,602
Other Benefits	4,999	5,000	7,292
Supplies & Materials	-	-	-
Total Student Activities	<u>104,392</u>	<u>104,342</u>	<u>44,258</u>
<b><u>Pupil Services - Lunch &amp; Playground Supervision:</u></b>			
Nonprofessional salaries	24,131	22,835	23,745
FICA & Retirement	6,016	6,084	8,086
Purchased Services	-	-	-
Supplies & Materials	-	-	-
Total Student Activities	<u>30,147</u>	<u>28,919</u>	<u>31,831</u>
 Total Support Services - Pupil Services	 <u>\$ 492,374</u>	 <u>\$ 489,586</u>	 <u>\$ 412,172</u>

The accompanying notes are an integral part of this statement.



**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> 2007	<u>ACTUAL</u> 2007	<u>ACTUAL</u> 2006
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>SUPPORT SERVICES:</b> (Continued)			
<b><u>Instructional Staff:</u></b>			
<b><u>Improvement of Instruction (Curriculum Coordinator):</u></b>			
Professional Salaries	\$ 63,154	\$ 63,154	\$ -
Non-Professional Salaries	-	-	
Insurances	13,366	13,718	
FICA & Retirement	15,972	16,043	191
Other Benefits	1,250	-	-
Purchased Services	70,058	45,195	125,103
Supplies & Materials	11,500	19,068	18,212
Other	4,400	4,400	4,404
Total Improvement of Instruction	<u>179,700</u>	<u>161,578</u>	<u>147,910</u>
<b><u>Educational Media Services:</u></b>			
Professional Salaries	135,863	135,862	133,199
Non-Professional Salaries	66,886	66,886	49,136
Insurances	37,165	37,009	36,554
FICA & Retirement	51,275	51,259	42,686
Purchased Services	-	-	-
Supplies & Materials	24,934	23,639	24,773
Total Educational Media Services	<u>316,123</u>	<u>314,655</u>	<u>286,348</u>
Total Support Services - Instructional Staff	<u>495,823</u>	<u>476,233</u>	<u>434,258</u>
<b><u>General Administration:</u></b>			
<b><u>Board of Education:</u></b>			
Non-Professional Salaries	2,170	2,770	5,250
Purchased services	41,147	36,937	33,735
Supplies	2,147	2,147	3,796
Total Board of Education	<u>45,464</u>	<u>41,854</u>	<u>42,781</u>
<b><u>Central Administration:</u></b>			
Professional Salaries	109,139	109,140	114,245
Non-Professional Salaries	46,928	59,887	59,189
Insurances	18,901	18,544	8,704
FICA & Retirement	59,235	47,208	44,467
Other Benefits	22,326	12,684	17,328
Purchased Services	42,500	56,521	51,399
Supplies & Materials	14,500	2,679	4,945
Other	19,500	21,005	31,359
Total Executive Administration	<u>333,029</u>	<u>327,668</u>	<u>331,636</u>
Total Support Services - General Administration	<u>\$ 378,493</u>	<u>\$ 369,522</u>	<u>\$ 374,417</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> 2007	<u>ACTUAL</u> 2007	<u>ACTUAL</u> 2006
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>SUPPORT SERVICES:</b> (Continued)			
<b><u>School Administration:</u></b>			
<b><u>Office of the Principal :</u></b>			
Professional Salaries	\$ 628,506	\$ 628,506	\$ 573,586
Non-Professional Salaries	294,148	304,005	302,350
Insurances	222,823	212,473	183,329
FICA & Retirement	233,793	232,583	207,052
Other Benefits	23,203	5,703	4,017
Purchased Services	42,590	25,782	106,003
Supplies & Materials	15,360	12,982	13,728
Other	4,400	5,937	3,637
Total School Administration - Office of the Principal	<u>1,464,823</u>	<u>1,427,971</u>	<u>1,393,702</u>
<b><u>Other School Administration - Graduation:</u></b>			
Supplies	7,000	6,914	7,375
Total Support Servies - School Administration	<u>1,471,823</u>	<u>1,434,885</u>	<u>1,401,077</u>
<b><u>Business Services:</u></b>			
<b><u>Fiscal Services:</u></b>			
Professional Salaries	59,910	48,626	3,304
Non-Professional Salaries	164,489	164,394	158,236
Insurances	59,471	59,921	43,574
FICA & Retirement	56,604	53,462	37,772
Other Benefits	4,424	4,024	2,883
Purchased Services	28,156	36,671	102,512
Supplies and Materials	2,000	882	1,048
Other	1,400	1,144	1,128
Total Fiscal Services	<u>376,454</u>	<u>369,124</u>	<u>350,457</u>
<b><u>Internal Services:</u></b>			
Non-Professional Salaries	15,704	15,704	15,069
Insurances	3,000	2,500	2,500
FICA & Retirement	4,112	4,148	3,768
Purchased Services	4,000	5,813	4,158
Supplies & Materials	36,000	34,644	37,617
Total Internal Services	<u>62,816</u>	<u>62,809</u>	<u>63,112</u>
<b><u>Other Business Services:</u></b>			
Purchased Services	8,457	8,457	8,902
Other	38,879	55,414	71,976
Total Other Business Services	<u>47,336</u>	<u>63,871</u>	<u>80,878</u>
Total Business Services	<u>\$ 486,606</u>	<u>\$ 495,804</u>	<u>\$ 494,447</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>SUPPORT SERVICES:</b> (Continued)			
<b><u>Operating Building Services:</u></b>			
Non-Professional Salaries	\$ 683,050	<b>690,134</b>	689,734
Insurances	270,865	<b>269,939</b>	271,105
FICA & Retirement	168,106	<b>167,856</b>	162,510
Other Benefits	15,768	<b>15,768</b>	8,784
Purchased Services	763,261	<b>717,445</b>	725,356
Supplies & Materials	124,815	<b>131,128</b>	131,761
Other	-	<b>7,577</b>	-
Total Operating Building Services	<u>2,025,865</u>	<u><b>1,999,847</b></u>	<u>1,989,250</u>
<b><u>Pupil Transportation Services:</u></b>			
Non-Professional Salaries	687,134	<b>714,724</b>	720,121
Insurances	120,518	<b>120,318</b>	115,326
FICA & Retirement	173,396	<b>184,018</b>	173,887
Other Benefits	28,601	<b>25,370</b>	17,938
Purchased Services	47,434	<b>43,788</b>	50,076
Supplies & Materials	261,000	<b>210,648</b>	241,342
Total Pupil Transportation Services	<u>1,318,083</u>	<u><b>1,298,866</b></u>	<u>1,318,690</u>
<b><u>Central Services:</u></b>			
<b><u>Planning, Research Development &amp; Evaluation:</u></b>			
Non-Professional Salaries	-	-	-
FICA & Retirement	-	-	-
Purchased Services	10,000	<b>9,296</b>	13,544
Supplies & Materials	9,000	<b>9,350</b>	7,222
Other	18,446	<b>18,039</b>	54,654
Total Planning, Research Development & Evaluation	<u>37,446</u>	<u><b>36,685</b></u>	<u>75,420</u>
<b><u>Technology:</u></b>			
Non-Professional Salaries	259,905	<b>300,503</b>	297,557
Insurances	69,368	<b>70,235</b>	62,285
FICA & Retirement	65,921	<b>75,767</b>	70,479
Other Benefits	3,181	<b>3,181</b>	3,005
Purchased Services	45,000	<b>33,289</b>	39,869
Supplies	25,000	<b>13,752</b>	18,689
Other	331,967	<b>332,866</b>	421,630
Total Technology	<u>800,342</u>	<u><b>829,593</b></u>	<u>913,514</u>
Total Central Services	<u>\$ 837,788</u>	<u>\$ <b>866,278</b></u>	<u>\$ 988,934</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>SUPPORT SERVICES:</b> (Continued)			
<b>Other:</b>			
Insurances	\$ 2,000	\$ 1,505	\$ 1,465
Total Other	<u>2,000</u>	<u>1,505</u>	<u>1,465</u>
 Total Support Services	 <u>7,508,855</u>	 <u>7,432,527</u>	 <u>7,414,710</u>
<b>COMMUNITY SERVICES:</b>			
<b><u>Fine Arts Center:</u></b>			
Non-Professional Salaries	67,404	66,717	66,191
Insurances	22,883	19,660	22,676
FICA & Retirement	17,021	16,666	15,608
Other Benefits	536	536	352
Purchased Services	7,000	4,194	5,220
Supplies & Materials	8,000	9,161	8,040
Total Fine Arts Center	<u>122,844</u>	<u>116,934</u>	<u>118,087</u>
<b><u>Child Care Program:</u></b>			
Non-Professional Salaries	92,585	95,735	85,435
Insurances	13,676	12,954	11,551
FICA & Retirement	24,183	25,845	21,074
Other Benefits	200	200	169
Purchased Services	4,307	4,134	3,786
Supplies & Materials	7,593	7,716	9,753
Other	-	-	-
Total Community Services - Child Care	<u>142,544</u>	<u>146,584</u>	<u>131,768</u>
 Total Community Services	 <u>\$ 265,388</u>	 <u>\$ 263,518</u>	 <u>\$ 249,855</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>CAPITAL OUTLAY:</b>			
<b>Instruction:</b>			
Basic Programs - Elementary	\$ 23,861	\$ 22,531	\$ 37,739
Basic Programs - Middle School	4,000	2,177	6,406
Basic Programs - High School	19,070	16,339	18,838
Basic Programs - Options Center	2,646	2,645	-
Added Needs - Other	-	-	-
Total Instruction Capital Outlay	<u>49,577</u>	<u>43,692</u>	<u>62,983</u>
<b>Support Services:</b>			
Audio Visual	1,861	5,826	-
Executive Administration	-	-	28,381
Physical Plant	1,500	1,500	-
Transportation	-	-	4,000
Planning, Research Development & Evaluation	-	-	-
Total Support Services Capital Outlay	<u>3,361</u>	<u>7,326</u>	<u>32,381</u>
<b>Community Services:</b>			
Fine Arts Center	12,650	2,337	1,328
Child Care	12,000	11,126	-
Total Community Services Capital Outlay	<u>24,650</u>	<u>13,463</u>	<u>1,328</u>
Total Capital Outlay	<u>77,588</u>	<u>64,481</u>	<u>96,692</u>
Total Expenditures	<u>22,384,534</u>	<u>22,217,930</u>	<u>21,474,055</u>
<b>OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</b>			
<b>Outgoing Transfers:</b>			
Athletics Fund	386,412	394,916	375,991
Food Service Fund	30,000	-	60,000
Capital Projects Fund	-	-	-
Total outgoing transfers	<u>\$ 416,412</u>	<u>\$ 394,916</u>	<u>\$ 435,991</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007 (WITH COMPARATIVE TOTALS FROM 2006)**

	<u>BUDGET</u> <u>2007</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<b><u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u></b> (Continued)			
<b>OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</b> (Continued)			
<b>Debt Service - Long Term:</b>			
Land Acquisition - Principal	\$ 39,521	\$ 39,521	\$ 37,975
Bus Notes - Principal	83,018	83,046	80,968
Capital lease redemption	82,201	82,201	82,201
Bus Notes - Interest	-	2,259	8,390
Other Long Term Debt - Interest	21,480	17,385	18,930
Total Loan Payments	<u>226,220</u>	<u>224,412</u>	<u>228,464</u>
<b>Prior Year Adjustments</b>	<u>-</u>	<u>-</u>	<u>(21,481)</u>
Total Outgoing Transfers and Other Transactions	<u>642,632</u>	<u>619,328</u>	<u>642,974</u>
Total Expenditures, Outgoing Transfers and Other Transactions	<u>23,027,166</u>	<u>22,837,258</u>	<u>22,117,029</u>
<b>Excess (Deficiency) of Revenues, Incoming Transfers and Other Transactions Over Expenditures, Outgoing Transfers and Other Transactions</b>	(8,773)	228,498	34,379
<b>Fund Balance- Beginning</b>	<u>2,180,186</u>	<u>2,180,186</u>	<u>2,145,807</u>
<b>Fund Balance - Ending</b>	<u>\$ 2,171,413</u>	<u>\$ 2,408,684</u>	<u>\$ 2,180,186</u>

The accompanying notes are an integral part of this statement.

## **SCHOOL SERVICE SPECIAL REVENUE FUND FINANCIAL STATEMENTS**

School Service Funds are used to account for activities where there is a need to determine the results of operations. Western School District uses School Service Funds to account for the Interscholastic Athletic and School Lunch operations.

The following statements of the School Service Funds -- Athletics Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance; and School Lunch Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance -- provide detailed information for each School Service Fund to assist in the analysis of their finances.

**WESTERN SCHOOL DISTRICT**  
**ATHLETICS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 23,581	\$ 7,790
Accounts receivable	922	987
Due from other funds	-	-
Due from other governments	-	-
Inventory	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 24,503</u>	<u>\$ 8,777</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 4,446	\$ 1,528
Due to other funds	-	-
Deferred revenue	-	-
Total liabilities	<hr/> <u>4,446</u>	<hr/> <u>1,528</u>
Fund balance:		
Reserved	-	-
Unreserved	<u>20,057</u>	<u>7,249</u>
Total fund balance	<u>20,057</u>	<u>7,249</u>
	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 24,503</u>	<u>\$ 8,777</u>

The accompanying notes are an integral part of this statement.



**WESTERN SCHOOL DISTRICT**  
**ATHLETICS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)**

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<b>Revenues:</b>			
<b>Local sources:</b>			
Ticket sales and entry fees	\$ 82,205	\$ <b>90,510</b>	\$ 73,344
Sales - Merchandise	10,400	<b>9,091</b>	20,745
Miscellaneous	4,945	<b>5,722</b>	21,464
Interest income	-	-	-
Total revenue from local sources	97,550	<b>105,323</b>	115,553
<b>Incoming Transfers and Other Transactions:</b>			
Transfer from General Fund	376,412	<b>394,916</b>	375,991
Total revenues	473,962	<b>500,239</b>	491,544
<b>Expenditures:</b>			
Salaries - Non-professional	264,419	<b>279,498</b>	281,294
Insurances	10,962	<b>8,939</b>	13,471
FICA & Retirement	65,301	<b>69,211</b>	66,412
Other Benefits	730	<b>2,268</b>	482
Purchased services:			
Officials	29,984	<b>29,672</b>	26,845
Other	15,000	<b>15,000</b>	15,000
Tournaments/Entry fees	11,280	<b>7,664</b>	8,130
Total purchased services	56,264	<b>52,336</b>	49,975
Supplies and materials	50,219	<b>53,461</b>	55,764
Other Expenses - Miscellaneous	22,139	<b>21,718</b>	19,489
Total current expenditures	470,034	<b>487,431</b>	486,887
Capital outlay	-	-	-
Total expenditures	470,034	<b>487,431</b>	486,887
<b>Excess (Deficiency) of Revenues over Expenditures</b>	3,928	<b>12,808</b>	4,657
<b>Fund Balance - Beginning</b>	7,249	<b>7,249</b>	2,592
<b>Fund Balance - Ending</b>	\$ 11,177	\$ <b>20,057</b>	\$ 7,249

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**SCHOOL LUNCH FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash	\$ 37,805	\$ 46,575
Accounts receivable	-	20,800
Due from other funds	-	-
Due from other governments	15,112	-
Inventory	<u>11,675</u>	<u>12,065</u>
Total assets	<u><u>\$ 64,592</u></u>	<u><u>\$ 79,440</u></u>
 <b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 11,317	\$ 65,252
Accrued expenses	14,059	-
Salaries payable	28,523	-
Due to other funds	-	4,905
Deferred revenue	<u>9,689</u>	<u>6,465</u>
Total liabilities	<u><u>63,588</u></u>	<u><u>76,622</u></u>
 <b>Fund balance:</b>		
Reserved	1,004	2,818
Unreserved	<u>-</u>	<u>-</u>
Total fund balance	<u><u>1,004</u></u>	<u><u>2,818</u></u>
Total liabilities and fund balance	<u><u>\$ 64,592</u></u>	<u><u>\$ 79,440</u></u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**SCHOOL LUNCH FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)**

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<b>Revenues:</b>			
<b>Local sources:</b>			
Food sales to pupils	\$ 408,073	\$ 404,569	\$ 390,385
Food sales to adults and catering	17,000	20,756	43,073
Miscellaneous	1,000	-	5
Interest income	-	2,290	772
Total revenue from local sources	426,073	427,615	434,235
<b>State sources</b>	28,376	47,550	40,940
<b>Federal sources</b>	288,320	312,095	259,512
<b>Incoming Transfers and Other Transactions:</b>			
Transfer from General Fund	40,000	-	60,000
Total revenues	782,769	787,260	794,687
<b>Expenditures:</b>			
Salaries - Non-professional	313,000	217,699	217,976
Insurances	-	42,661	32,690
FICA & Retirement	-	55,021	51,860
Purchased services:			
Contract Management	98,000	100,829	85,516
Repairs and maintenance services	3,000	2,943	3,815
Other	3,600	4,621	5,740
Total purchased services	104,600	108,393	95,071
Supplies and materials:			
Food	318,017	297,631	306,094
Commodities - USDA Donated		17,527	8,527
Other supplies and materials	3,500	27,339	59,443
Total supplies and materials	321,517	342,497	374,064
Other Expenses - Miscellaneous	43,000	18,230	29,422
Total current expenditures	782,117	784,501	801,083
Capital outlay	-	4,573	3,899
Total expenditures	782,117	789,074	804,982
<b>Excess (Deficiency) of Revenues over Expenditures</b>	652	(1,814)	(10,295)
<b>Fund Balance - Beginning</b>	2,818	2,818	13,113
<b>Fund Balance - Ending</b>	\$ 3,470	\$ 1,004	\$ 2,818

The accompanying notes are an integral part of this statement.

### **DEBT SERVICE FUND FINANCIAL STATEMENTS**

The receipt of funds for payment of interest, principal, and other expenses on long-term bonded debt are recorded in the Debt Service Fund. Primary sources of revenue for this fund is debt service property tax levies and interest earned on investments.

The following statements -- Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance -- are presented to assist in the financial analysis of this fund.

**WESTERN SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 334,624	\$ 109,308
Taxes receivable	-	5,694
Due from other funds	15,940	-
Due from other governments	<u>10,157</u>	<u>81,728</u>
Total assets	<u><u>\$ 360,721</u></u>	<u><u>\$ 196,730</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Due to other governments	5,762	14,317
Due to other funds	1,919	-
Matured interest payable	<u>1,176</u>	<u>1,176</u>
Total liabilities	<u>8,857</u>	<u>15,493</u>
<b>Fund Balance:</b>		
Fund balance	<u>351,864</u>	<u>181,237</u>
Total liabilities and fund balance	<u><u>\$ 360,721</u></u>	<u><u>\$ 196,730</u></u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>Revenues and Other Transactions:</b>		
<b>Revenue from local sources:</b>		
Property tax	\$ 2,443,034	\$ 2,235,811
Industrial facilities tax	182,851	199,155
Penalties and interest on delinquent taxes	9,758	6,872
Total taxes	<u>2,635,643</u>	<u>2,441,838</u>
Interest income	49,209	37,233
Total revenues from local sources	<u>2,684,852</u>	<u>2,479,071</u>
 <b>Revenue from state sources:</b>		
State Aid - Durant debt service	-	12,953
Total revenues	<u>2,684,852</u>	<u>2,492,024</u>
 <b>Other transactions:</b>		
Transfer from construction fund	15,940	-
Proceeds of refunding bonds	-	8,625,000
Total revenues and other transactions	<u>2,700,792</u>	<u>11,117,024</u>
 <b>Expenditures:</b>		
<b>Debt Service:</b>		
Redemption on principal	1,340,939	1,423,928
Interest on debt	1,178,866	982,819
Bond issuance costs	-	66,570
Taxes abated	8,510	7,419
Miscellaneous expense	1,850	1,537
Total debt service expenditures	<u>2,530,165</u>	<u>2,482,273</u>
 <b>Other transactions:</b>		
Payment to refunded bond paying agent	-	8,753,800
Total expenditures	<u>2,530,165</u>	<u>11,236,073</u>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>170,627</b>	<b>(119,049)</b>
 <b>Fund Balance - Beginning</b>	<b>181,237</b>	<b>300,286</b>
 <b>Fund Balance - Ending</b>	<b><u>\$ 351,864</u></b>	<b><u>\$ 181,237</u></b>

The accompanying notes are an integral part of this statement.

## **CAPITAL PROJECTS FUND FINANCIAL STATEMENTS**

Capital Projects Funds are used to account for the receipt and disbursement of moneys used for the acquisition of capital assets. Western School District maintains two such funds.

2002 Construction Capital Projects Fund: This fund was established by the Western School District to account for the projects funded by the 2002 Building and Site bonds.

Building & Site Fund: This fund was established by the Western School District for the purpose of funding capital outlays and major, non-recurring repairs.

The following statements and schedules of the Capital Projects Funds -- 2002 Construction Fund Balance Sheet and Schedule of Revenues, Expenditures, and Changes in Fund Balance From Inception to Date - Budget and Actual; and the Building & Site Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance -- provide additional detail to assist in the analysis of the Fund's finances.

**WESTERN SCHOOL DISTRICT**  
**2002 CONSTRUCTION CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 116,483	\$ 111,223
Investments	-	-
Interest receivable	-	-
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 116,483</u>	<u>\$ 111,223</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 100,543	\$ -
Retainage payable	-	-
Due to Other Funds	15,940	
Total liabilities	<u>116,483</u>	<u>-</u>
<b>Fund Balance:</b>		
Fund Balance - Reserved for Encumbrances	-	
Fund Balance - Unreserved	-	111,223
	<u>          </u>	<u>          </u>
Total liabilities and fund equity	<u>\$ 116,483</u>	<u>\$ 111,223</u>

The accompanying notes are an integral part of this statement.



**WESTERN SCHOOL DISTRICT**  
**2002 CONSTRUCTION CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - PROJECT INCEPTION TO DATE**

	<b>PROJECT BUDGET</b>	<b>PRIOR YEARS</b>	<b>YEAR END 06/30/07</b>	<b>TOTAL TO DATE</b>
<b>Revenues, Incoming Transfers and Other Transactions:</b>				
<b>Local Sources:</b>				
Interest	\$ 560,659	\$ 574,545	\$ 5,333	\$ 579,878
Other	-	3,000	-	3,000
Total local sources	560,659	577,545	5,333	582,878
<b>Incoming Transfers and Other Transactions:</b>				
Incoming Transfer - From General Fund	-	100	-	100
Other Transactions -				
Proceeds from long-term debt	15,115,000	15,115,000	-	15,115,000
Total incoming transfers and other	15,115,000	15,115,100	-	15,115,100
Total revenues, incoming transfers, and other transactions	15,675,659	15,692,645	5,333	15,697,978
<b>Expenditures, Outgoing Transfers and Other Transactions:</b>				
<b>Capital outlay:</b>				
Construction	11,457,800	12,662,200	100,616	12,762,816
Architect Fees	982,300	943,108	-	943,108
Technology	585,000	883,815	-	883,815
Furnishings/Equipment	1,111,000	829,516	-	829,516
Other Professional Fees	110,000	32,517	-	32,517
Contingencies	1,150,400	-	-	-
Total capital outlay	15,396,500	15,351,156	100,616	15,451,772
<b>Other:</b>				
Miscellaneous	-	10,703	-	10,703
Bond Issue Costs	279,159	219,563	-	219,563
Total other	279,159	230,266	-	230,266
Total expenditures	15,675,659	15,581,422	100,616	15,682,038
<b>Outgoing Transfers and Other Transactions:</b>				
Transfer to Debt Service Fund	-	-	15,940	15,940
Total expenditures, outgoing transfers and other transactions	15,675,659	15,581,422	116,556	15,697,978
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	-	111,223	(111,223)	-
<b>Fund Balance - Beginning</b>				
	-	-	111,223	-
<b>Fund Balance - Ending</b>				
	\$ -	\$ 111,223	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**BUILDING AND SITE CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)**

	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 635,248	\$ 609,813
Investments	-	-
Due from other funds	-	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 635,248</u>	<u>\$ 609,813</u>
<b>Liabilities and Fund Equity</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Retainage payable	-	-
Total liabilities	<u>                    </u>	<u>                    </u>
<b>Fund Equity:</b>		
Fund Balance - Unreserved	<u>635,248</u>	<u>609,813</u>
Total liabilities and fund equity	<u>\$ 635,248</u>	<u>\$ 609,813</u>

The accompanying notes are an integral part of this statement.

**WESTERN SCHOOL DISTRICT**  
**BUILDING AND SITE CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**JUNE 30, 2007**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)**

	<u>2007</u>	<u>2006</u>
<b>Revenues, Incoming Transfers and Other Transactions:</b>		
<b>Local sources - Interest</b>	<b>\$ 25,435</b>	<b>\$ 15,870</b>
<b>Incoming Transfers and Other Transactions:</b>		
Incoming Transfer - General Fund	-	-
Other - Proceeds from long-term debt	-	-
Total incoming transfers and other	<u>-</u>	<u>-</u>
Total revenues, transfers and other transactions	<u>25,435</u>	<u>15,870</u>
<b>Expenditures and Other Transactions:</b>		
<b>Capital outlay:</b>		
Land acquisition	-	-
Architect Fees	-	-
Technology	-	-
Furnishings/Equipment	-	-
Contingencies	-	-
Total capital outlay	<u>-</u>	<u>-</u>
<b>Other:</b>		
Miscellaneous	-	-
Total expenditures	<u>-</u>	<u>-</u>
<b>Outgoing Transfers:</b>		
General Fund	<u>-</u>	<u>-</u>
<b>Total Expenditures and Outgoing Transfers</b>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Transactions</b>		
<b>Over (Under) Expenditures and Outgoing Transfers</b>	<b>25,435</b>	<b>15,870</b>
<b>Fund Balance - Beginning</b>	<b>609,813</b>	<b>593,943</b>
<b>Fund Balance - Ending</b>	<b><u>\$ 635,248</u></b>	<b><u>\$ 609,813</u></b>

The accompanying notes are an integral part of this statement.

## **FIDUCIARY FUND FINANCIAL STATEMENTS**

Western School District has two types of Fiduciary funds -- the Wirebaugh Scholarship Fund, which is a private-purpose trust fund, and the Student Activities Fund, which is an agency fund.

Agency Funds are custodial in nature. They are used to report assets received and disbursed by student and other school groups. The District acts as a receiving and paying agent for these groups.

Agency Funds do not generate revenue and expenditure transactions, as the District is not conducting operations. Consequently, this fund reports assets and liabilities; it does not report equity. Western School District has one Agency Fund -- the Student Activities Fund. This fund records receipts and disbursements for student and other school groups.

The following schedule -- Schedule of Receipts, Disbursements, and Balances -- Student Activities Fund -- is presented to assist in the analysis of the volume of activity conducted by student and other groups.

**WESTERN SCHOOL DISTRICT**  
**STUDENT ACTIVITIES AGENCY FUND**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	BALANCE 06/30/06	DEPOSITS	CHECKS	BALANCE 06/30/07
Cash	\$321,363	\$538,653	\$543,355	\$316,661
Due to Student Groups:				
General	67,580	48,709	34,144	82,145
Project LEAPS	1,000	-	-	1,000
Excellence in Education	(304)	4,707	4,403	-
Class of 2008	2,817	11,241	8,040	6,018
TV Studio	-	174	92	82
Western Nature Center	164	161	73	252
Choir (Shirts & Dresses)	1,073	8,696	7,926	1,843
Special Olympics	25	-	-	25
Theatre Arts	7,549	8,987	7,054	9,482
Book Deposits	69,552	12,022	17,367	64,207
Book Deposits-Options Center	380	-	380	-
Class of 2003	2,397	-	-	2,397
Class of 1996	-	155	-	155
Class of 2001	802	-	-	802
Class of 2002	3,119	-	3,119	-
National Honor Society	19	-	-	19
Western Hemisphere	(1,698)	1,903	205	-
Class of 2004	1,395	-	-	1,395
Student Council	3,730	1,902	4,401	1,231
Class of 1999	3,170	-	-	3,170
Yearbook	6,172	28,454	31,987	2,639
Cheerleaders	(163)	17,564	15,787	1,614
Gymnastics	54	1,187	785	456
Warner Elementary PTO	11,349	64,396	66,946	8,799
Key Club at WHS	331	2,461	2,081	711
Teenage Republican Club	-	-	-	-
MS Panter Parliament	2,477	1,806	2,156	2,127
MS Vending Machines	1,162	7,864	7,457	1,569
HS Intramural Basketball	-	-	-	-
Class of 2005	2,028	-	-	2,028
HS Lounge	395	1,527	1,513	409
HS Revolving	6,413	4,288	9,763	938
Subtotal - Carryforward	\$ 192,988	\$ 228,204	\$ 225,679	\$ 195,514

The accompanying notes to the financial statements are an integral part of this schedule.

**WESTERN SCHOOL DISTRICT**  
**STUDENT ACTIVITIES AGENCY FUND**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	BALANCE 06/30/06	DEPOSITS	CHECKS	BALANCE 06/30/07
Due to Student Groups: (Continued)				
Subtotal - Brought forward	\$ 192,988	\$ 228,204	\$ 225,679	\$ 195,514
MS Yearbook	2,117	4,595	6,174	538
MS Revolving	8,419	68,394	72,140	4,673
Warner Elementary School	7,719	3,063	3,628	7,154
Band	1,242	30,758	19,904	12,096
Band Uniform Deposit	2,387	1,839	2,117	2,109
Parma Elementary School	11,174	7,878	13,422	5,630
Bean Elementary School	8,289	35,560	33,780	10,069
Elementary Carnival	-	18,149	18,052	97
High School Arts Club	1,068	862	1,378	552
Community Ed Trips - In/Out	-	-	-	-
HS Issued Calculators	3,350	340	58	3,632
Class of 2006	238	-	-	238
Community Ed Revolving	-	-	-	-
MS Lounge Pop Account	413	1,371	1,011	773
Post Prom Party	748	7,574	7,177	1,145
ID Cards	2,568	1,149	2,079	1,638
Options Center Revolving	7,075	-	180	6,895
National Jr. Honor Society	141	-	110	31
Middle School Shop	(1,214)	1,517	303	-
Key Club Projects	248	-	248	-
Class of 2007	4,822	1,558	3,986	2,394
Feelin' Good (Pumpkin Run)	1,514	-	-	1,514
MS Manufacturing Gold Team	447	-	50	397
HS Library	819	390	800	409
Boy's Baseball	634	570	27	1,177
Tennis Club	2,072	2,332	1,830	2,574
Western Choir	2,444	7,201	8,703	942
MS Manufacturing Maroon Team	1,000	-	-	1,000
Literary Magazine	99	-	-	99
Bowling Club	114	200	60	254
Peer Listening	1	-	-	1
Parma Elementary Stores	1,409	361	299	1,471
Elementary Drama Club	36	600	324	312
Debate Registration	-	2,231	2,231	-
Western Hockey	-	-	-	-
Subtotal - Carryforward	\$ 264,381	\$ 426,696	\$ 425,750	\$ 265,328

The accompanying notes to the financial statements are an integral part of this schedule.

**WESTERN SCHOOL DISTRICT**  
**STUDENT ACTIVITIES AGENCY FUND**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	BALANCE 06/30/06	DEPOSITS	CHECKS	BALANCE 06/30/07
Due to Student Groups: (Continued)				
Subtotal - Brought Forward	\$ 264,381	\$ 426,696	\$ 425,750	\$ 265,328
Administration revolving	(1,416)	1,658	242	-
Shop Materials	(1,237)	2,445	1,208	-
Select Choir Trip	2,930	40,261	43,520	(329)
Woodville Snack Machine	13,523	17,173	12,103	18,593
Jeery Steele Scholarship	1,175	-	-	1,175
8th Grade Exemplary Student	94	-	-	94
Soccer	(91)	130	241	(202)
Spanish Club	2,343	3,367	4,025	1,685
French Club	2,318	79	650	1,747
Boys Basketball	681	6,114	5,848	947
Girls Basketball	2,340	4,886	5,589	1,637
Runners Club	626	790	1,039	377
Destination Imagination	451	228	200	479
MS Quest Activities	1,747	500	500	1,747
S.A.D.D.	-	150	-	150
Class of 2009	2,424	1,118	1,656	1,886
Jenny Evans Scholarship	1,083	-	-	1,083
MS Tennis Club	1,078	816	1,654	240
Volleyball	2,413	8,153	8,237	2,329
Auditorium	-	370	-	370
Youth Tackle Football	8,158	13,922	18,020	4,060
Football Club	1,673	6,681	7,282	1,072
Wrestling	32	-	-	32
Athletic Merchandise	-	607	1,493	(886)
Steve Hunn Scholarship	3,265	-	-	3,265
MS Choppers	11,372	509	4,098	7,783
5th Grade Camp	-	2,000	-	2,000
Total Due to Student Groups	321,363	538,653	543,355	316,661
 Total Liabilities	 \$ 321,363	 \$ 538,653	 \$ 543,355	 \$ 316,661

The accompanying notes to the financial statements are an integral part of this schedule.

WESTERN SCHOOL DISTRICT  
**SINGLE AUDIT ACT REPORTING**  
FOR THE YEAR ENDED JUNE 30,2007



**WESTERN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2007**

<u>PROGRAM NAME</u>	<u>CFDA #</u>	<u>PROGRAM #</u>	<u>AMOUNT OF</u>	(MEMO ONLY) <u>PRIOR YEAR</u>	<u>CURRENT</u>
			<u>AWARD</u>	<u>EXPENDITURES</u>	<u>EXPEND.</u>
<b>US DEPARTMENT OF AGRICULTURE:</b>					
<i>PASSED THROUGH MICHIGAN DEPARTMENT OF EDUCATION (MDE):</i>					
USDA DONATED FOOD COMMODITIES	10.550	ENTITLE.	\$ 36,913	\$ -	\$ 16,863
USDA DONATED FOOD COMMODITIES	10.550	BONUS	-	-	664
			<b>36,913</b>	<b>-</b>	<b>17,527</b>
NATL SCHOOL LUNCH/BREAKFAST	10.553	071970	45,324	-	48,952
NATL SCHOOL LUNCH/BREAKFAST	10.553	061970	42,792	38,575	4,217
			<b>88,116</b>	<b>38,575</b>	<b>53,169</b>
NATL SCH LUNCH SEC 4	10.555	071950	36,854	-	38,892
NATL SCH LUNCH SEC 4	10.555	061950	38,753	34,422	4,331
NATL SCH LUNCH SEC 11 (F&R)	10.555	071960	150,248	-	178,482
NATL SCH LUNCH SEC 11 (F&R)	10.555	061960	160,788	141,094	19,694
			<b>386,643</b>	<b>175,516</b>	<b>241,399</b>
<b>TOTAL USDA PASSED THROUGH MDE</b>			<b>511,672</b>	<b>214,091</b>	<b>312,095</b>
<b>US DEPARTMENT OF EDUCATION:</b>					
<i>PASSED THROUGH MICHIGAN DEPARTMENT OF EDUCATION (MDE):</i>					
TITLE I PART A	84.010	071530 0607	211,991	-	154,554
TITLE I PART A	84.010	061530 0506	211,991	211,991	-
			<b>423,982</b>	<b>211,991</b>	<b>154,554</b>
SERVICE PROVIDER SELF REVIEW	84.027A	070440 0607	<b>4,500</b>	-	<b>1,126</b>
TITLE V - LEA ALLOCATION	84.298	070250 0607	<b>589</b>	-	<b>589</b>
TECHNOLOGY LITERACY CHALLENGE	84.318	074290 0607	<b>2,176</b>	-	<b>2,176</b>
IMPROVING TEACHER QUALITY	84.367	070520 0607	84,710	-	84,710
IMPROVING TEACHER QUALITY	84.367	060520 0506	86,338	86,338	-
			<b>171,048</b>	<b>86,338</b>	<b>84,710</b>
<i>TOTAL DEPT. OF ED PASSED THROUGH MDE</i>			<b>602,295</b>	<b>298,329</b>	<b>243,155</b>
<i>PASSED THROUGH THE JACKSON COUNTY ISD:</i>					
SAFE & DRUG FREE SCHOOLS	84.186		<b>1,846</b>	-	<b>1,846</b>
<b>TOTAL DEPT. OF EDUCATION</b>			<b>604,141</b>	<b>298,329</b>	<b>245,001</b>
<b>TOTALS</b>			<b>\$ 1,115,813</b>	<b>\$ 512,420</b>	<b>\$ 557,096</b>

The accompanying notes are an integral part of this schedule.

ACCRUED (DEFERRED) REVENUE <u>AT 6/30/06</u>	CURRENT YEAR AMOUNT <u>RECEIVED</u>	ACCRUED (DEFERRED) REVENUE <u>AT 6/30/07</u>	CURRENT YEAR REVENUE <u>REVENUE</u>
\$ -	\$ 16,863	\$ -	\$ 16,863
-	664	-	664
-	<b>17,527</b>	-	<b>17,527</b>
-	45,324	3,628	48,952
-	4,217	-	4,217
-	<b>49,541</b>	<b>3,628</b>	<b>53,169</b>
-	36,854	2,038	38,892
-	4,331	-	4,331
-	169,030	9,452	178,482
-	19,694	-	19,694
-	<b>229,909</b>	<b>11,490</b>	<b>241,399</b>
-	<b>296,977</b>	<b>15,118</b>	<b>312,095</b>
-	154,554	-	154,554
56,095	56,095	-	-
<b>56,095</b>	<b>210,649</b>	-	<b>154,554</b>
-	<b>1,126</b>	-	<b>1,126</b>
-	<b>589</b>	-	<b>589</b>
-	<b>2,176</b>	-	<b>2,176</b>
-	84,710	-	84,710
21,442	21,442	-	-
<b>21,442</b>	<b>106,152</b>	-	<b>84,710</b>
<b>77,537</b>	<b>320,692</b>	-	<b>243,155</b>
-	<b>1,846</b>	-	<b>1,846</b>
<b>77,537</b>	<b>322,538</b>	-	<b>245,001</b>
<b>\$ 77,537</b>	<b>\$ 619,515</b>	<b>\$ 15,118</b>	<b>\$ 557,096</b>

**WESTERN SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A – BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Western School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Expenditures in this schedule are in agreement with amounts reported in the financial statements and in the financial reports submitted to Grantor Agencies.

**NOTE B – SUBRECIPIENTS:**

Western School District awarded no federal awards to subrecipients.

**NOTE C – REPORTING OF EXPENDITURES:**

In certain programs, expenditures exceeded the total approved grant award amount. Western School District pays for these expenditures with general operating revenues. Accordingly, the Schedule of Expenditures of Federal Awards includes only the amount of federal dollars expended, up to the total approved grant award amount.

**NOTE D – NONMONETARY FEDERAL AID:**

Nonmonetary assistance is reported in the schedule at the fair market value of supplies provided for the Safe and Drug Free Schools program and the commodities received for the Food Service program. The fair value of supplies received was \$1,846, and commodities received and used during the year ended June 30, 2007 was \$17,527, and is included in the expenditures and cash receipts columns on this schedule.

**NOTE E – RECONCILIATION OF MICHIGAN DEPARTMENT OF EDUCATION FORM R7120 (GRANTS SECTION AUDITORS REPORT) WITH FEDERAL REVENUE:**

Current payments per Grant Auditor Reports		\$	618,238
Less: Nonfederal grants included -			
066320 Non-Program Supv School Breakfast			(18,086)
 Add: Noncash Grant - USDA Commodities	17,527		
Grants received from other sources	<u>1,846</u>		19,373
 Adjustments to reverse prior year accruals			(77,537)
Adjustments to current year accruals			<u>15,108</u>
Federal revenue/expenditures per schedule		\$	<u><u>557,096</u></u>

**WESTERN SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2007**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:

Report on Basic  
Financial Statements                        X   Unqualified           Qualified

Internal control over financial reporting:

Material weakness(es) identified                                Yes                        X   No

Significant deficiency(ies) identified  
that are not considered to  
be material weaknesses                                Yes                        X   None reported

Noncompliance material to financial  
statements noted?                                Yes                        X   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified                                Yes                        X   No

Type of auditor’s report issued on compliance  
for major programs:                        X      Unqualified           Qualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Section 510(a) of Circular A-133?                             Yes                        X   No

**WESTERN SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2007**

**Section I – Summary of Auditor’s Results** (Continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between  
type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II – Financial Statement Findings**

There were no findings related to the financial statements during the year ended June 30, 2007.

**Section III – Federal Award Findings and Questioned Costs**

There were no findings or questioned costs during the year ended June 30, 2007.

**Section IV– Prior Year Federal Award Findings**

There were no findings or questioned costs during the fiscal year ended June 30, 2006.

# MARKOWSKI & COMPANY

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Western School District  
Parma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western School District, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Western School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

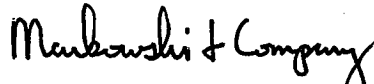
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Western School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Western School District in a separate letter dated November 2, 2007.

This report is intended solely for the information and use of the Board of Education, its finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MARKOWSKI & COMPANY, CPAs  
November 2, 2007

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education  
Western School District  
Parma, Michigan

### Compliance

We have audited the compliance of the Western School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Western School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Western School District's management. Our responsibility is to express an opinion on the Western School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Western School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Western School District's compliance with those requirements.



In our opinion, the Western School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

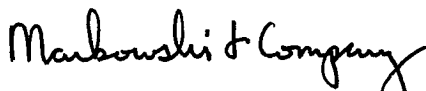
The management of the Western School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Western School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program in a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the district's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the district's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, its Finance Committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MARKOWSKI & COMPANY, CPAs

November 2, 2007

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To the Finance Committee and the Board of Education  
Western School District  
Parma, Michigan

### **COMMUNICATION OF AUDITOR/CLIENT RESPONSIBILITIES**

We have audited the financial statements of the **Western School District** for the year ended June 30, 2007, and have issued our report thereon dated November 2, 2007. Professional standards require that we provide you with the following information related to our audit.

#### **Our Responsibility under U. S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated July 30, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Western School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Western School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those objectives was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Western School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Western School District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Western School District's compliance with those requirements.

### **Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Western School District are described in Note A to the general purpose financial statements. No new accounting policies were adopted; the application of existing policies was not changed during the year 2007.

We noted no transactions entered into by Western School District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is: management's estimate of the value and useful lives of fixed assets.

Management's estimate is based on guidelines provided by the Michigan School Business Officials organization and the Michigan Department of Education. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Western School District's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgments, none of the adjustments we proposed, whether recorded or unrecorded by the Western School District, either individually or in the aggregate, indicate matters that could have a significant effect on the Western School District's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Western School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit. We were very pleased with the cooperation of the administrative staff. The cooperation extended by Laure Fiero, Sharlene Carroll, Virginia Atkins, Michelle Czolgosz, Sharon Zeller and Amy Annis was exemplary.

### **Conclusion**

This information is intended solely for the use of the Board of Education and management of Western School District and should not be used for any other purpose

Sincerely,

*Markowski & Company*

**MARKOWSKI & COMPANY, CPAs**

November 2, 2007

**WESTERN SCHOOL DISTRICT  
COMMENTS AND RECOMMENDATIONS  
JUNE 30, 2007**

As discussed in our communication of auditor/client responsibilities, we did find some items which we believe merit some attention from the Board as a result of our June 30, 2007 audit. The following comments and recommendations are presented to provide additional information to the Board.

**2007 COMMENTS AND RECOMMENDATIONS**

**2007-1: Check Signing Procedures**

While testing cash disbursement procedures, we noted that the computer system allows authorized users to generate checks complete with the required two signatures. Because the individuals involved in preparing checks are involved in other areas of cash procedures, such as reconciling bank accounts, this results in an internal control weakness.

We recommend that the District continue to strive for reconciliations performed by someone independent of conflicting cash duties. The District should also take steps to further limit the ability to generate completed checks without proper authorization.

**2007-2: Child Care Revenue Cycle**

During our internal control review, we met with the Director of the Child Enrichment Center. While reviewing procedures, we became aware that one individual had complete control over the revenue cycle for this area – the same individual generated bills, collected and posted payments, and adjusted any account balances.

The Director immediately revised the procedures, bringing an independent staff member into the cash receipt process. The District's recent approval of the Pay Schools system will help reduce potential problems in this area even further.

**2007-3: Continuous Review of Internal Controls**

School Districts operate in an environment of limited resources and increased public scrutiny. As a result, the pressure on Districts to report accurate financial information is greater than ever.

Because of this, we encourage the Board, and especially the Finance Committee, to continue its oversight of financial operations and appropriate policy setting. We strongly encourage the development of written job descriptions and operations manuals.

It should be noted that several of the central office staff have taken it upon themselves to develop such manuals, which can be vital in the case of an emergency. They should be encouraged to continue to do so, and management should review the documentation and offer suggestions as appropriate to ensure that proper segregation of conflicting duties is maintained.

**FOLLOW UP ON PRIOR YEAR COMMENTS:**

**2006-1: Duplicate Payment of Invoices**

During our audit last year, we noted vendor invoices processed for payment twice. Our tests of disbursements this year did not reveal any duplicate payments to vendors.

**2006-2: Bank Reconciliations**

The June payroll bank reconciliation was not completed until early September last year. This year, reconciliations were performed in a timelier manner. While there is still some room for improvement, this matter is no longer a serious concern.

**2006-3: Account Classification**

Last year, there were several areas in which the District's chart of accounts did not agree with the Department of Education's chart. When implementing the new software package this past year, many of these differences were resolved. District staff continues to work on this, and expects the chart of accounts to conform fully by June 30, 2008.